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ESTIMATE OF THE WORLD SITUATION THROUGH 1954
(Mr. Dulles' briefing for Congressional
committee - 19 Oct 53)

LOOKING AT SOVIET FROM WASHINGTON

The Soviet regime is securely entrenched in power, and its control remains thorough and apparently effective. Although there are probably rivalries and disagreements within the ruling group, they have not seriously affected Soviet determination.

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The Doctors plot and the other charges of conspiracy—about which you have been reading in the newspapers—may indicate current conflicts within the Politburo or merely a general feeling of insecurity.

We may see the ruthless extermination of all minority elements contaminated by contact with the West. The Anti-Semitic aspect of this development is definitely secondary within the Soviet Union.

Soviet control over the European satellites is now virtually complete. Popular discontent may persist, but this alone will probably not impede the Soviet program.

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Unlike the European Satellites, the Chinese Communist government is more a partner than a slave of the Kremlin. It has firm control over mainland China, and this control will probably not be threatened from within.

Soviet military strength is formidable. It has an army of 2,500,000 men; a navy of 800,000; an air force of 750,000.

The cement which keeps this military structure and the Soviet state machine together is a security force of 400,000. Soviet military strength will increase. A modernization program is underway. Special emphasis is being placed on weapons of mass destruction and anti defense against such weapons.

By mid-1955, the USSR may have several hundred atomic bombs; together with improved methods for delivering these bombs against the U. S. and its allies. Soviet air defenses, already substantial, will further improve.

In the European Satellites and in Communist China, programs for the improvement of military strength are also going forward.

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Economically, the USSR continues to make great strides. We estimate that in 1951 the gross national product of the USSR was 20 to 30 percent above the prewar level. It is now increasing at an annual rate of 6 to 7 percent. In 1951, however, the combined gross national product of all Soviet Bloc countries was still less than one-third that of NATO countries, and the gross national product of the Soviet alone was about one-fourth that of the U. S.

The Soviet economy is organized with a view to possible hostilities in the near future as well as in the more remote future. The Kremlin places a high priority upon stockpiling reserves, not only of military end-items but of food, capital equipment, and materials needed for maintaining the economy under wartime conditions or other emergencies.

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The USSR is also engaged in a large-scale research and development program. This includes especially atomic energy, electronics, jet aircraft, guided missiles, and submarines. In all of these fields, Soviet scientists and technicians have demonstrated a high level of proficiency.

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In the free world, Western European political and economic strength will probably increase. However, progress toward a self-sufficient and militarily defensible Western Europe will still be beset by numerous political
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In France, economic and political instability appears likely to continue for some years to come, and, as a result, France will almost certainly be unable to meet its current NATO commitments while simultaneously maintaining a major effort in Indochina.

In Italy, the present coalition, led by the Christian Democrats, is likely to win the 1953 elections by a narrow margin, but Italy will probably not be able to develop quickly sufficient economic or political strength to be anything more than a weak ally.

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In the Middle East and in North Africa, developing nationalism is a disruptive influence. Demands for political and social reform are increasing. In most of these countries (except possibly Iran), communism as such is not likely to become a serious threat during the next few years; nevertheless, a gradual and evolutionary political change seems unlikely. Developments will probably be uneven and sporadic and will probably be accompanied by coups d'état, assassinations, and other revolutionary processes, accompanied by increasing authoritarianism.

In Egypt a revolutionary group disrupt under the auspices of young army officers has displaced the traditional ruling class. Although strongly nationalistic, the new group appears honest, energetic, and genuinely intent upon building a new and better society. They have recently reached an accord with the UK on the Sudan and this is only one of a number of indications that they are prepared to cooperate with the West. It is still unclear, however, whether the present moderate leaders can retain control over the military junta, whether they can cope with the traditionally dominant reactionary elements, and whether they can make sufficient progress in solving Egypt's social and economic problems to prevent disillusionment. They may be our last chance.

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The principal center of instability is Iran where the situation is now very dangerous. During the last few days, events have brought a number of disturbing elements into focus, and this may be preliminary to a final disintegration. There are reports that Prime Minister Mosadegh is giving up hope of reaching an oil settlement with the British. He may recommend the sale of oil to anyone, including the Soviet orbit. At the same time, the Iranian army is having trouble with local tribes. Although this is not the first time in the past two years when Iran's collapse seemed imminent, the situation now appears more disheartening than at any time in the immediate past. Even though the present situation may improve, instability is likely to continue and a Communist seizure of power will remain a possibility.

In French North Africa, growing nationalism conflicts with French determination to retain control. French concessions to North African nationalism probably will forestall serious trouble for the next several years, but the nationalists will remain unsatisfied. France itself is acutely aware that without North Africa she will be gravely weakened; nevertheless she will eventually have to make some new arrangements with Morocco and Tunisia or be faced with increasingly costly repression.

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The free world military position in the Middle East as a whole is likely to remain weak. Because of suspicions of Western motives and rivalries within the area, it will be difficult to establish a Middle East defense organization. Even if this organization is established, the countries of the area will be unable to contribute significant forces to its support, and they will continue to resist the stationing of Western forces in their territories.

In the Far East, the rapid postwar expansion of Communist influence appears to have slackened, at least temporarily. Some non-Communist governments have increased in strength and stability. However, the area remains vulnerable to further Communist exploitation because of the widespread sentiment against "Western imperialism," the desire for improved economic status, and the ineffective leadership of most non-Communist Far Eastern governments.

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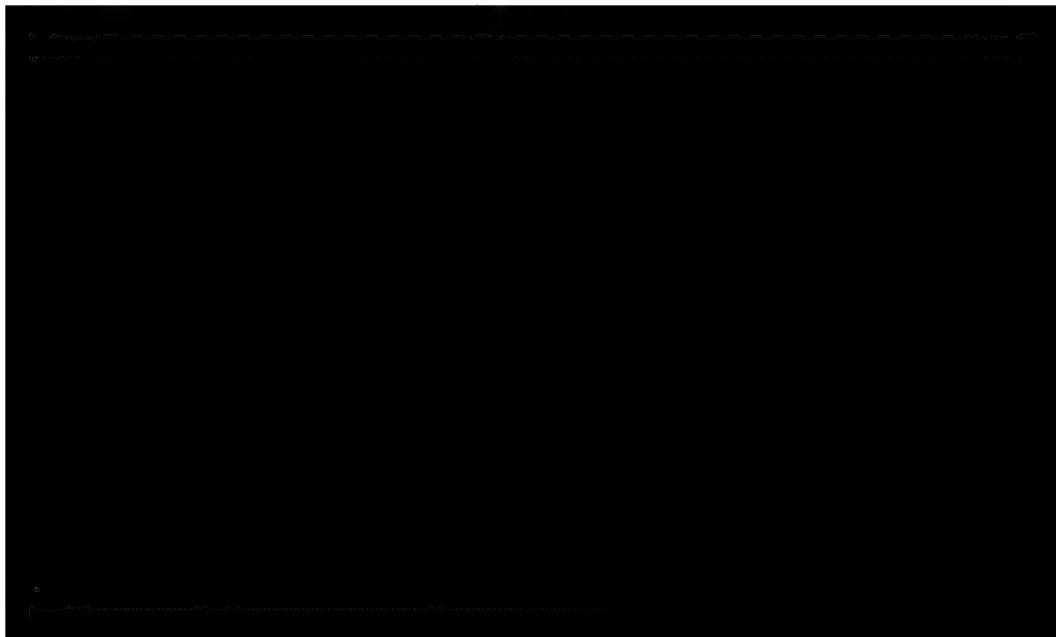
In Indochina the situation is one of political and military stalemate. No decisive shift in the balance is likely in the foreseeable future. The French military effort in that country constitutes a heavy drain on the resources of metropolitan France. We believe that the French will continue their commitment in Indochina at approximately the present level, but will attempt to transfer to the U. S. the burden of any increasing costs or additional effort.

In Korea, the Communists are capable of launching a large-scale offensive virtually without warning. We believe that the Communists will protract the armistice negotiations so long as they consider that they can continue to gain political and military advantages from the situation in Korea and so long as they estimate that a continuation of the Korean war does not involve (more risk of global war. Even if an armistice is concluded, Korea will almost certainly remain an area of grave danger, and the object of intensive Communist political warfare.

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In Latin America, the traditional social order is disintegrating. This process has produced political instability more profound than that which in the past characterized the personal politics of Latin America. The political trend is toward extremely nationalistic regimes based on support by the depressed masses, of which the Peron regime in Argentina is the prototype. The Communists, though numerically weak, operating through various fronts, can readily exploit the social unrest and ultra-nationalism already existing in the non-Communist population. Both Communists and extreme nationalists are sabotaging Latin American cooperation with the United States.

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LOOKING AT WEST FROM SOVIET

Now, I shall place myself in the Kremlin and look at the world situation from Moscow. From there I could view with satisfaction the great increase in the strength of the Soviet Bloc since World War II. Nevertheless, the Kremlin almost certainly estimates that general war would be a gamble, involving at a minimum widespread destruction in the Bloc and the risk that the Kremlin's system of control would be destroyed.

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The Kremlin almost certainly recognises:

That the states of Western Europe are now more stable than at any time since World War II.

That the position of most non-Communist states in Asia is somewhat stronger than in 1950.

That progress has been made toward the unification and rearmament of Western Europe and toward improving the West's defenses in the Pacific.

That the U. S. has made great strides toward developing its economic and military power and toward providing leadership for the West.

Moreover, the Kremlin must assume that the West is making rapid progress in the development and production of new weapons.

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However, despite these increases in the strength of the free world, the Kremlin almost certainly estimates that opportunities remain for continued progress toward its long-range objective (namely, a Communist world dominated by Moscow) without resort to general war. It probably estimates, for example, that:

The economies of the non-Communist states are highly vulnerable to depression and inflationary crises, which would have serious social and political repercussions.

Western political unity will be undermined by such developments

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~~Western economic dependence on the United States~~
products into export markets now dominated by other states, and conflicting tariff and trade policies.

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Opportunity exists for exploiting discontent and nationalist aspirations in Asia, Africa, and Latin America.

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The Kremlin also certainly estimates that the divergent interests of the Western Powers will sooner or later weaken or destroy their present unity. It probably also believes that no international organization which does not have the centralized leadership and control which the USSR provides the Bloc can survive the strains and pressures of modern political warfare.

The outlook is for a continuation of Soviet efforts to undermine and destroy the non-Communist world by cold war tactics. The Communists will resort to armed aggression and to armed revolt by indigenous Communist parties when they believe these courses of action are the best means to achieve Communist objectives. If the growth of free world strength and unity continues, however, the Communists will probably place greater emphasis upon "united front" tactics and upon propaganda and diplomatic moves designed to split the Western alliance and to promote dissension within non-Soviet countries.

Thus, great danger to the free world during the period of this estimate will lie in political and economic difficulties and divisions within the free world itself which would check the development of free world unity and strength and lend themselves to Communist exploitation.

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While the widespread fear of imminent global war has lessened, the Soviet leaders have not moderated their hostility toward the free world. No general settlement between the Bloc and the free world is in prospect, nor any substantial Soviet concessions. No new indications of weakness have appeared in the Soviet Bloc; on the contrary it grows stronger. The Kremlin continues to expect an ultimate victory over the capitalist world.

We believe it unlikely that the Kremlin will deliberately initiate general war during the period of this estimate. However, there will be continuing grave danger that general war may arise from a series of actions and counteractions in a situation which neither side desired to develop into general war.

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